



Informational Presentation on School Funding, including Ad Valorem Taxes and Millages

Updated Nov. 12, 2019

1

Overview of Funding for Public Education

2

Overview of Local Education Funding

3

This Year's Process and Assessments

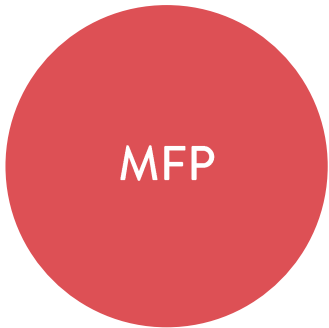
4

Overview of Board Resolutions

Overview of Funding for Public Education

Public Education Is Funded by 3 Major Revenue Sources

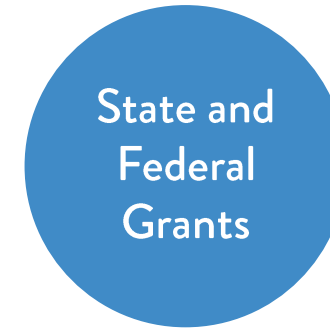
State Funding Sources



Local Funding Sources



Other Funding Sources



The MFP Is a Complex 4-Tiered Formula That Equitably Allocates \$3.7 Billion Across 177 School Districts and Schools

- **Level 1** starts with a base per pupil amount of \$4,015
 - Adds “weights” for certain students
 - Includes a “wealth measurement” to determine the proportion of total MFP educational cost that will be shared between the state and local school districts and schools
 - Allocates \$2.4 billion (67%) of the total MFP calculation
- **Level 2** provides an incentive to school systems taxing themselves above the minimum level of financial support required.
 - When taxable assessed value increases, a district is viewed as more able to support education locally and the MFP formula increases the responsibility for costs over to the district, resulting in a smaller state allocation

The MFP Is a Complex 4-Tiered Formula That Equitably Allocates \$3.7 Billion Across 177 School Districts and Schools

- **Level 3** includes allocations added to the formula over the years due to requests from the Legislature to fund specific items (pay raises, health insurance, retirement, fuel, etc.) on a per pupil basis
- **Level 4** provides funding for specific programs and schools, such as Foreign Language Associates, Career Development Funds, Supplemental Course Allocation, and High Cost Services and for state schools such as NOCCA and Office of Juvenile Justice schools

Ad Valorem Roles

- Total value of property is set by the Assessor
 - Property is required to be reassessed at least once every 4 years
 - 2020 is a quadrennial reassessment year
- Taxing authorities set millage rates
- City of New Orleans sends the bills, collects the payment from taxpayers, and remits amounts collected to the taxing authorities

Overview of Local Education Funding

Taxing Authorities in Orleans Parish

Orleans Parish Taxing Authority	Mills
Aquarium	2.99
Audubon Park Zoo	0.32
Board of Liquidation* - Municipal Debt Service	22.50
City of New Orleans*	48.65
Levee Board East	12.56
Levee Board West	12.28
School Board	45.31
Sewerage and Water Board	16.23
Sheriff	2.80
Special Taxing Districts*	31.26

All of Orleans Parish School Millages Began More Than 20 Years Ago

Purpose	Mills	Period	Expires Dec. 31	Began
Constitutional	27.65	N/A	N/A	1921
Books, materials, supplies	1.55	10 years	2028	1989
Discipline and dropout programs	1.55	10 years	2028	1989
Employee salaries and benefits	7.27	10 years	2028	1989
Air conditioning, asbestos removal, facilities	2.32	20 years	2028	1989
Capital repairs (School Facilities Preservation Program) and General Obligation Bond	4.97	30 years	2024 and 2021	1995

School Millage Rates in Surrounding Parishes and Other Urban Parishes

<u>Surrounding Parishes</u>	
Parish	Mills
St. Tammany	64.41
St. Charles	55.76
St. Bernard	46.72
Orleans	45.31
Plaquemines	27.02
Jefferson	22.91

<u>Urban Parishes</u>	
Parish	Mills
Caddo	73.82
Orleans	45.31
East Baton Rouge	43.45
Jefferson	22.91

This Year's Process and Completed Assessments

Ad Valorem Tax Calendar

Time	Activity
October 29, 2019	2020 Assessments finalized by Board of Review
May - November	Taxing authorities adopt millage rates
November 19	3:00pm: OPSB Public Hearing 5:30pm: OPSB Board Meeting to consider roll forward
December – January	City mails invoices to taxpayers
January 31	Tax payments are due to the City by the taxpayer
Monthly	City remits taxes received to the taxing authorities

Ad Valorem Assessment Information

- Taxable value = total value less \$75,000 homestead exemption
 - 2019 taxable value = \$3,877,724,080
 - 2020 taxable value (as of 10/29/19) = \$4,413,896,760

State Education Funding (MFP) to Orleans Parish will Decrease Due to Increased Assessments

- The Louisiana Department of Education has estimated that state funding to New Orleans Public Schools will decrease by \$9.1 million
- This is due to the increase in taxable assessed value from 2019 to 2020
- This decrease will happen regardless of whether millage rates are rolled forward or not

Revenue	Roll Forward All Mills	Maintain Current AV Rates
Ad valorem	\$200.0	\$175.7
MFP	<u>(9.1)</u>	<u>(9.1)</u>
Total	190.9	166.6

Rolling Forward All Mills Would Increase Public School Spending by \$15.1M

Revenue	Roll Forward All Mills
Ad valorem	\$200.0
MFP	<u>(9.1)</u>
Total	190.9

Compared to \$175M in 2019-20, this would represent \$15.1M in additional revenue for schools (~\$325 per pupil)

2017-2018 Per Pupil Funding in Surrounding Parishes and Other Urban Parishes

	School District	Revenue						
		State MFP	Local Taxes		Total	# Pupils	Revenue Per Pupil	+ Addtl Roll Forward Revenue (~\$325pp)
			Ad Valorem	Sales				
Surrounding Parishes	St. Charles	\$29,810,121	\$68,993,341	\$45,512,459	\$144,315,921	9,354	\$15,428	
	Plaquemines	\$10,705,227	\$25,233,389	\$16,509,356	\$52,447,972	4,478	\$11,712	
	St. Tammany	\$215,773,198	\$123,367,154	\$93,372,055	\$432,512,407	38,059	\$11,364	
	Orleans	\$194,770,852	\$158,311,016	\$127,844,470	\$480,926,338	46,603	\$10,320	\$10,645
	Jefferson	\$224,888,663	\$79,473,755	\$187,948,865	\$492,311,283	49,594	\$9,927	
	St. Bernard	\$42,511,970	\$13,036,758	\$13,517,194	\$69,065,922	7,152	\$9,657	
Urban Parishes	East Baton Rouge	\$183,800,008	\$150,904,696	\$174,082,945	\$508,787,649	46,158	\$11,023	
	Caddo	\$216,678,177	\$129,523,423	\$73,777,428	\$419,979,028	39,857	\$10,537	
	Orleans	\$194,770,852	\$158,311,016	\$127,844,470	\$480,926,338	46,603	\$10,320	\$10,645
	Jefferson	\$224,888,663	\$79,473,755	\$187,948,865	\$492,311,283	49,594	\$9,927	

Overall, Orleans Parish is ranked #30 out of 69 School Districts in Per Pupil Funding

Roll Forward is Key to Remaining Competitive With Jefferson Parish

			Revenue Per Pupil	+ Addtl Revenue	Increased Per Pupil
	School District	# Pupils			
Surrounding Parishes	St. Charles	9,354	\$15,428		
	Plaquemines	4,478	\$11,712		
	St. Tammany	38,059	\$11,364		
	Orleans	46,603	\$10,320	\$325	\$10,645
	Jefferson	49,594	\$9,927	\$580	\$10,507
	St. Bernard	7,152	\$9,657		
Urban Parishes	East Baton Rouge	46,158	\$11,023		
	Caddo	39,857	\$10,537		
	Orleans	46,603	\$10,320	\$325	\$10,645
	Jefferson	49,594	\$9,927	\$580	\$10,507

With NOLA-PS Roll Forward and Approved Jefferson Increase

	Per Pupil
Orleans Parish	\$10,645
Jefferson Parish	\$10,507

Maintain Current NOLA-PS Levels

	Per Pupil
Jefferson Parish	\$10,507
Orleans Parish	\$10,320

A Full Roll Forward Would Result in Schools Receiving an Additional \$325 per Student, on Average

	2019 Current	Net of MFP Decrease					
		Roll Forward all Mills		Roll Back All Mills		Break-Even	
		2020	Variance with 2019 Current	2020	Variance with 2019 Current	2020	Variance with 2019 Current
Taxable value of property	\$3,877,724,080	\$4,413,896,760	\$536,172,680	\$4,413,896,760	\$536,172,680	\$4,413,896,760	\$536,172,680
OPSB millage rate	45.31	45.31	0.00	39.81	-5.50	41.88	-3.43
Ad valorem revenue	\$175,699,678	\$199,993,662	\$24,293,984	\$175,699,678	\$0	\$184,848,655	\$9,148,977
Ad valorem revenue per mill	\$3,877,724	\$4,413,897	\$536,173	\$4,413,897	\$536,173	\$4,413,897	\$536,173
Ad valorem revenue per student	\$3,770	\$4,291	\$521	\$3,770	\$0	\$4,291	\$521
MFP decrease	\$0	-\$9,148,977	-\$9,148,977	-\$9,148,977	-\$9,148,977	-\$9,148,977	-\$9,148,977
Revenues net of MFP decrease	\$175,699,678	\$190,844,685	\$15,145,007	\$166,550,701	-\$9,148,977	\$175,699,678	\$0
Net revenues per mill	\$3,877,724	\$4,211,977	\$334,253	\$4,184,058	\$306,334	\$4,195,433	\$317,709
Net revenues per student	\$3,770	\$4,095	\$325	\$3,574	-\$196	\$3,770	\$0

The Roll Forward Will Have Real Impact on Our Schools



Overview of Board Resolutions

Process for Consideration of 2020 Millage Rates

- Every four years, Assessors throughout the state are required to reassesses property values, to inform property taxes. This year property values in Orleans Parish increased.
- In response to the change in property values, the Orleans Parish School Board and all other taxing governmental bodies must adjust their millage rates.
- The OPSB must take several steps to adopt 2020 millage rates:
 - Resolution 18-19: Vote to adopt the adjusted millage rates.
 - Resolution 19-19: Vote to set new millage rates, not to exceed voter-approved rates.
 - Resolution 20-19: Vote to adopt the bonded debt millage rate.
 - Resolution 21-19: Vote to adopt capital repair millage rate.

Adjusted and Current Millage Rates

	2019 Current Rates	2020 Adjusted Rates
Constitutional	27.65	25.75
A – School books, materials, supplies	1.55	1.44
B – Discipline and dropout programs	1.55	1.44
C – Employee salaries and benefits	7.27	6.77
D – HVAC, asbestos removal, facilities maintenance	2.32	2.16
Capital repairs	2.72	2.53
Bonded debt	2.25	2.00
Total	45.31	42.09
Taxable assessed value of property	\$3,877,724,080	\$4,413,897,760

“Roll Back” to “Roll Forward”

Resolution 18-19

- Millages adjust to lower rates when property values increase to maintain current revenue levels.
 - Current Tax Rate – 45.31
 - Adjusted Tax Rate – 42.09
- First, the Board must adopt the adjusted rates. This is referred to as a “roll back”.

Resolution 19-19

- Next, the Board must consider at what levels to set millage rates. This is referred to as a “roll forward”.
 - Full Roll Forward: Maintain current rates, resulting in an increase in tax revenue
 - No Roll Forward: Accept lower adjusted rates, maintaining current tax revenue
 - Partial Roll Forward: Set rates that are in between the current and adjusted rates

Summary of Roll Forward Options and Impact on Orleans Parish Schools

- **Option A – Full Roll Forward:** Will result in net **GAIN** of **\$325** per student, on average
- **Option B – No Roll Forward:** Will result in net **LOSS** of **\$196** per student, on average
- **Option C – Partial Roll Forward:** Will result in **NO CHANGE** in net revenues per student, on average

	2019 Current	Net of State Decrease					
		Roll Forward all Mills		Roll Back All Mills		Break-Even Mills	
		2020	Variance with 2019 Current	2020	Variance with 2019 Current	2020	Variance with 2019 Current
Taxable value of property	\$3,877,724,080	\$4,413,896,760	\$536,172,680	\$4,413,896,760	\$536,172,680	\$4,413,896,760	\$536,172,680
OPSB millage rate	45.31	45.31	0.00	39.81	-5.50	41.88	-3.43
Ad valorem revenue	\$175,699,678	\$199,993,662	\$24,293,984	\$175,699,678	\$0	\$184,848,655	\$9,148,977
Ad valorem revenue per mill	\$3,877,724	\$4,413,897	\$536,173	\$4,413,897	\$536,173	\$4,413,897	\$536,173
Ad valorem revenue per student	\$3,770	\$4,291	\$521	\$3,770	\$0	\$4,291	\$521
Decrease in State Dollars	\$0	-\$9,148,977	-\$9,148,977	-\$9,148,977	-\$9,148,977	-\$9,148,977	-\$9,148,977
Revenues net of State Dollars	\$175,699,678	\$190,844,685	\$15,145,007	\$166,550,701	-\$9,148,977	\$175,699,678	\$0
Net revenues per mill	\$3,877,724	\$4,211,977	\$334,253	\$4,184,058	\$306,334	\$4,195,433	\$317,709
Net revenues per student	\$3,770	\$4,095	\$325	\$3,574	-\$196	\$3,770	\$0

Continuance of Bonded Debt and Capital Repairs Millages

Resolution 20-19

- Each year, the Board votes to adopt the bonded debt millage rate, at specific voter-approved rates.
 - 2020 Rate: 2.00
- This mill generates only the revenues needed to pay the current year's principal and interest payments on outstanding bonded debt.

Resolution 21-19

- Each year, the Board votes to accept the capital repairs millage rate.
- This millage rate is determined by voter-approved rate for capital repairs (4.97) minus bonded debt rate (2.00).
 - 2020 Rate: 2.97
- This mill covers school building repairs, through the School Facilities Preservation Program.